

JTC

Assessment of City Transportation Funding Needs in Washington State

June 26, 2019 | Spokane



BERK

Introductions



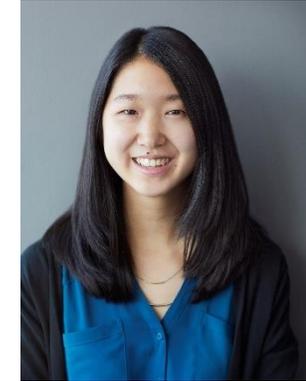
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Study Purpose and Approach

- Understand city funding sources
- Assess funding gaps and future needs
- Make recommendations

- Analyze data
- Develop case studies
- Examine practices in other states

The purpose is not to

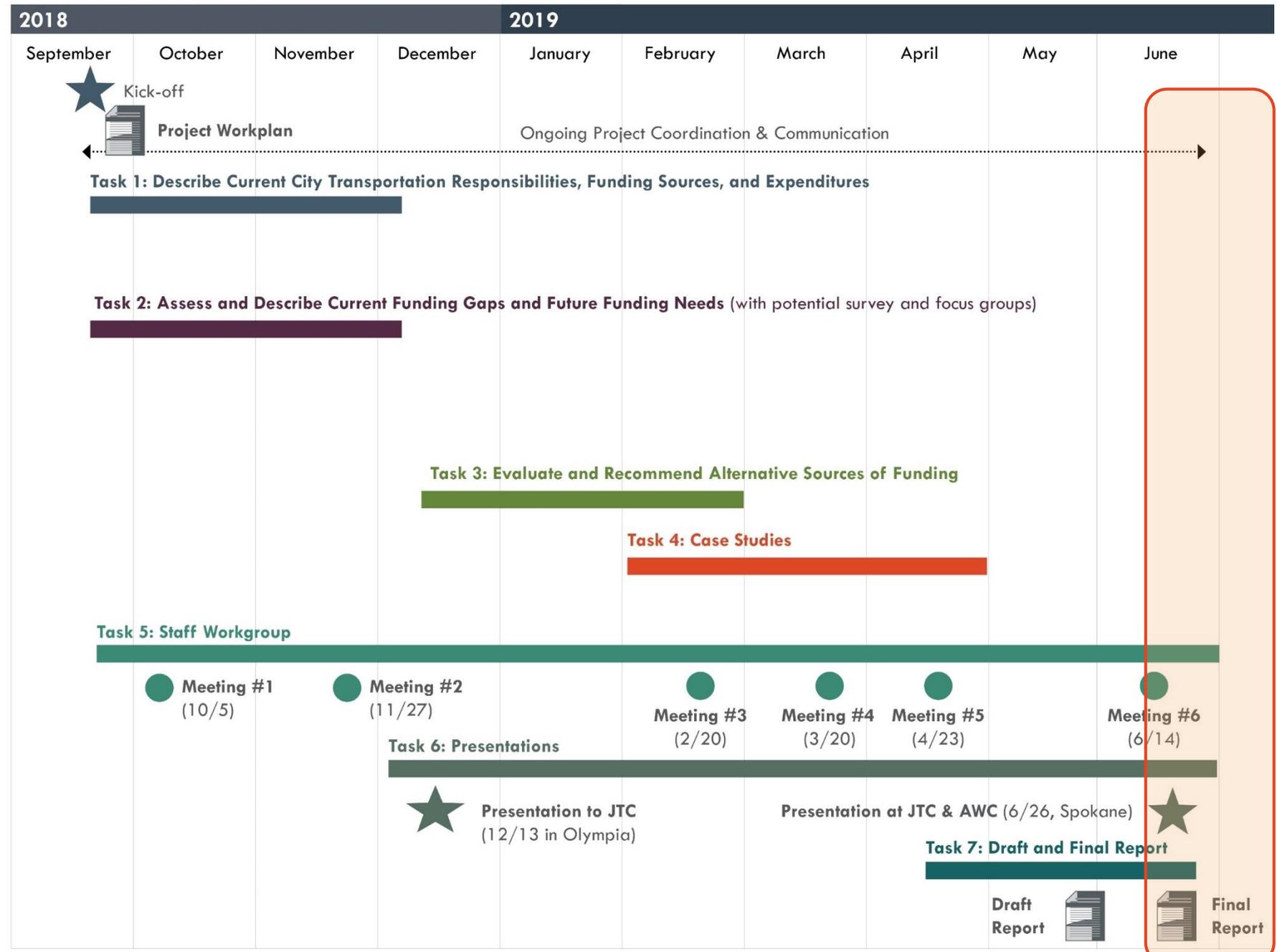
- ❑ Calculate city-level estimate of need
- ❑ Generate an impractical demand for additional funding

Proviso available in [Appendix](#).

Staff Workgroup

- Cities and Association of Washington Cities
- WSDOT Local Programs Division
- Transportation Improvement Board
- MPO/RTPO Coordinating Committee
- OFM, House, and Senate

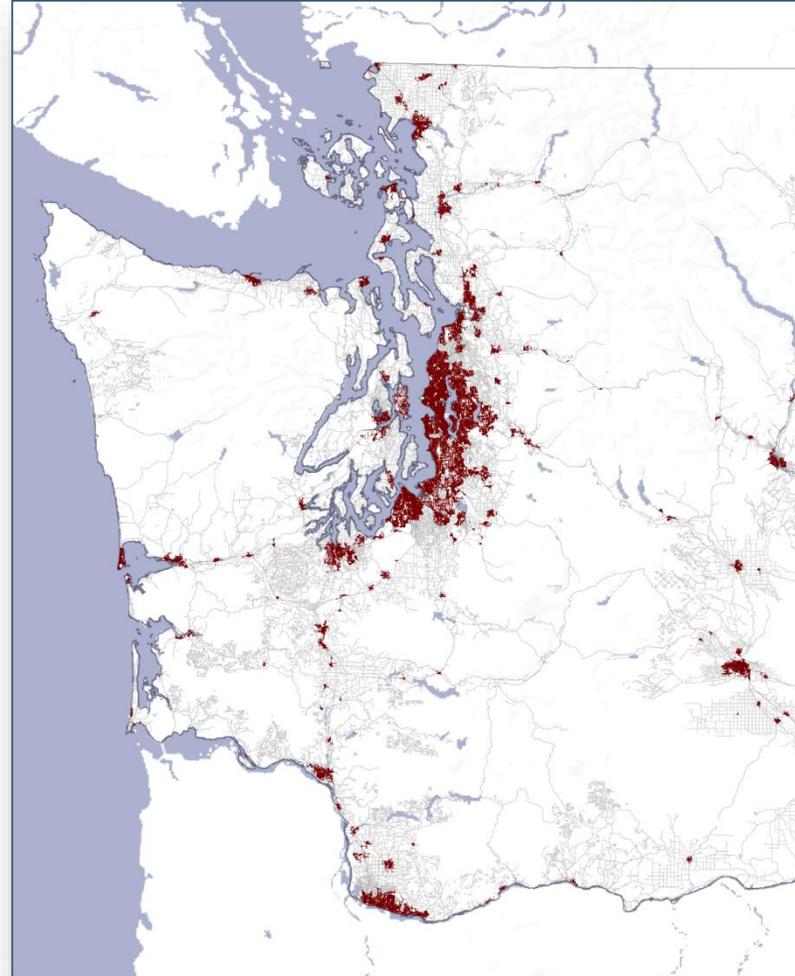
(see full list in [Appendix](#))



City streets carry over 25% of statewide

Most trips begin and end on city streets.

City streets are 17,000 miles or just over 20% of the statewide transportation network.



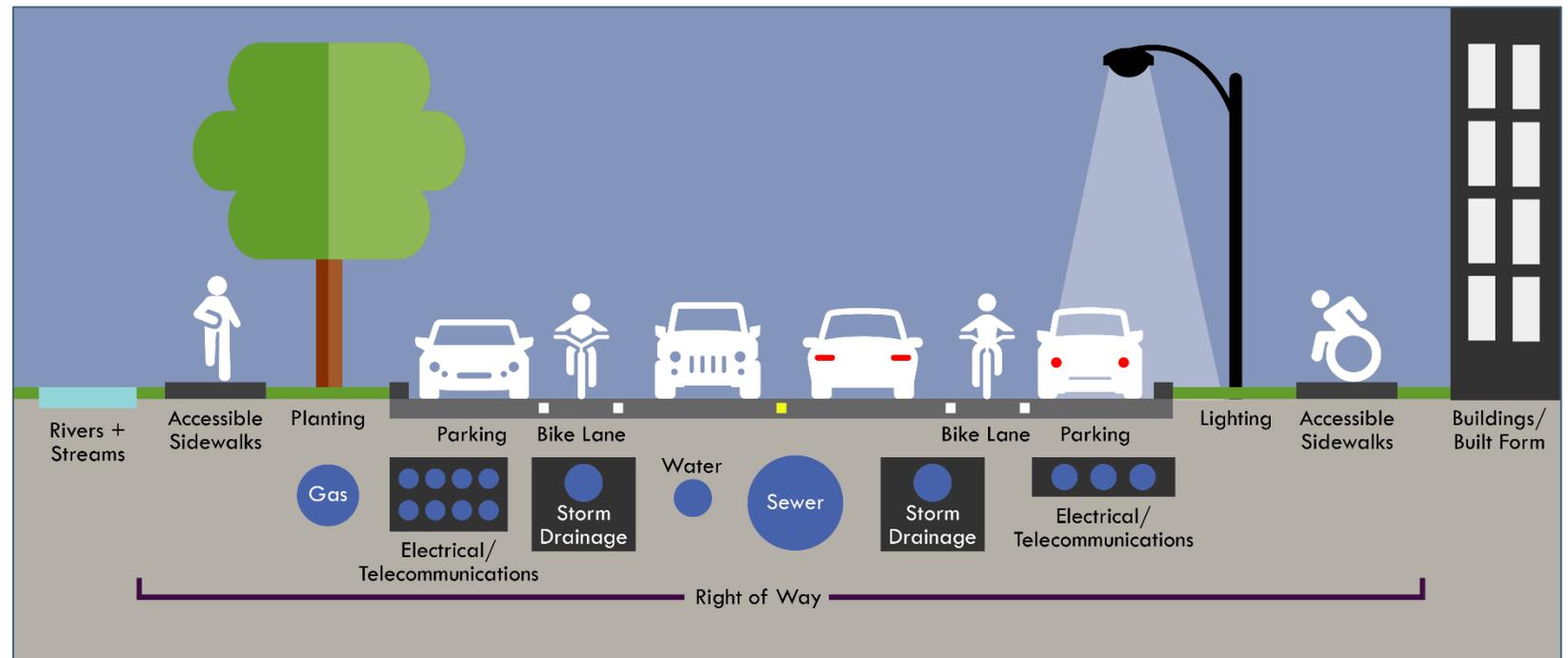
Presentation Contents

- What are cities responsible for?
- Who are Washington's cities?
- How do cities fund their investments in streets?
- What is the resource gap?
- Recap of key findings and recommendations

*What are cities
responsible for?*

“The street” is more than what’s paved and striped

- Streets include multimodal infrastructure for:
 - Vehicles
 - Pedestrians
 - Bicycles
- They interface with:
 - Utilities
 - Built and natural environments
- Some city streets are state highways



An increasingly complex operating environment

Construction inflation and right-of-way acquisition costs

ADA Access. Cities estimate ADA can increase preservation project costs by 30-40%

Environmental mitigation

Multimodal mobility

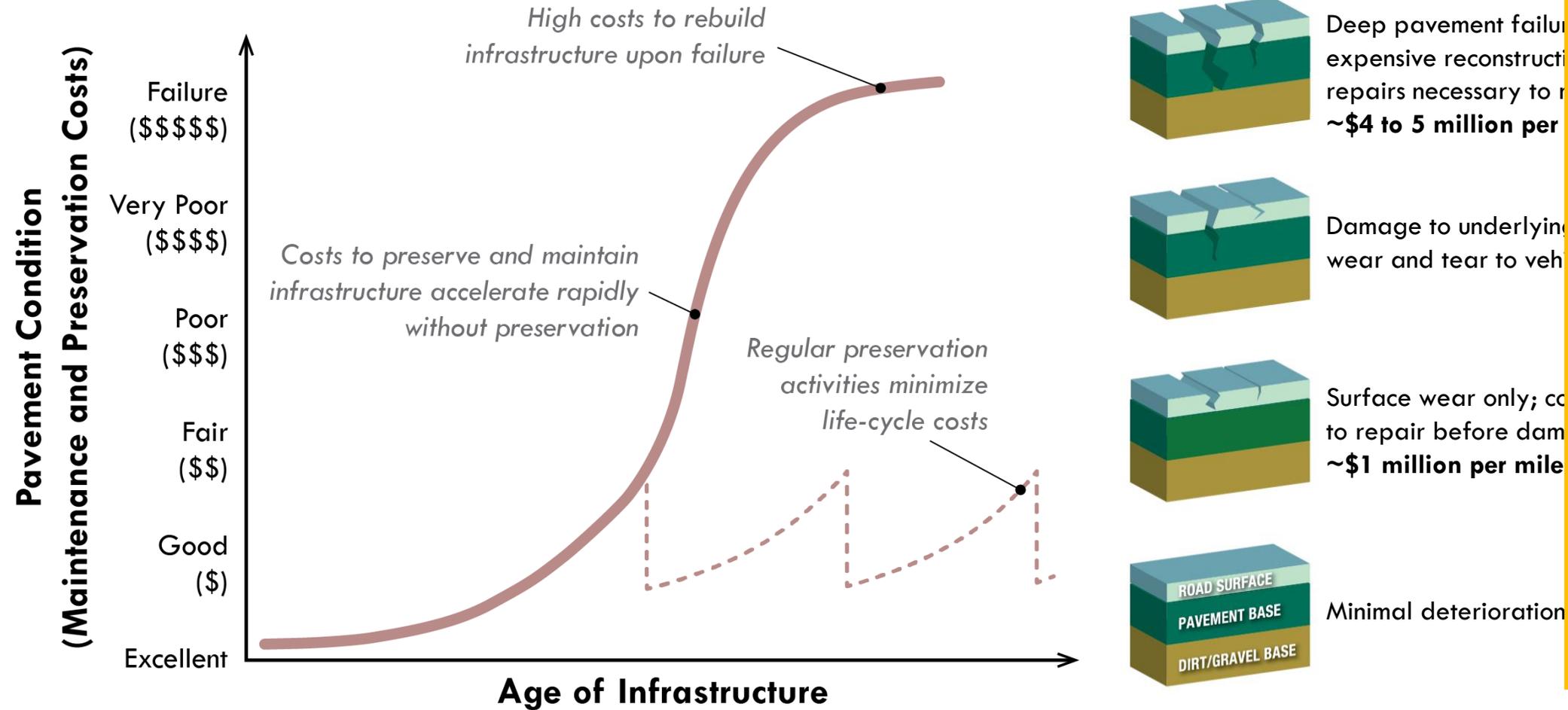
Social and environmental investments

+ increasing costs

= fewer miles rehabilitated with the same dollars.



Asset management optimizes lifecycle costs



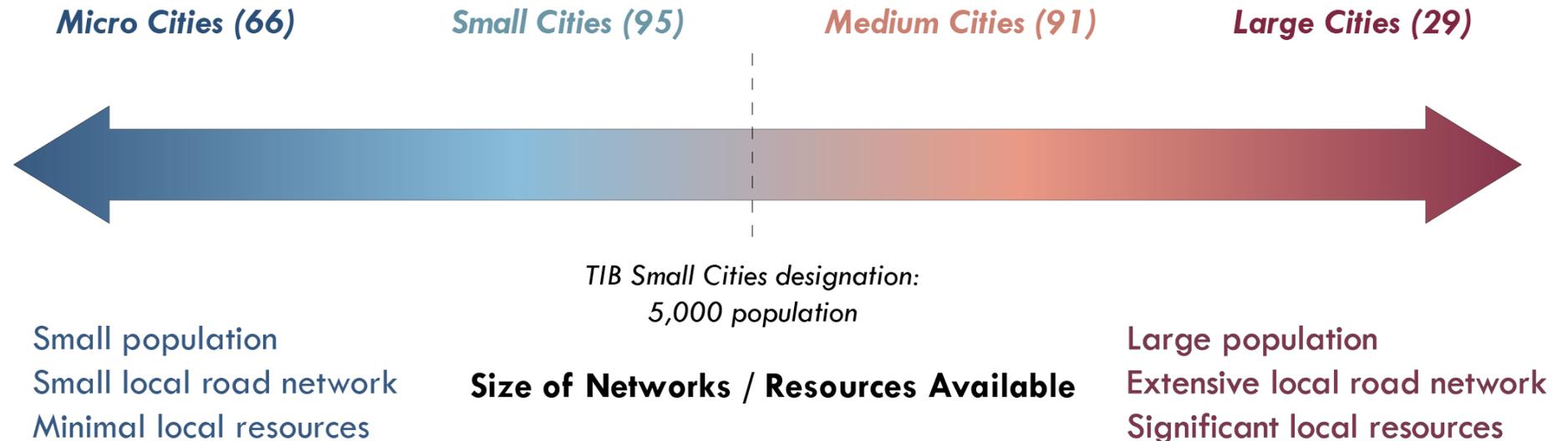
When cities can't invest enough in preserving the existing system, lifecycle costs compound over time.

*Who are Washington's
cities?*

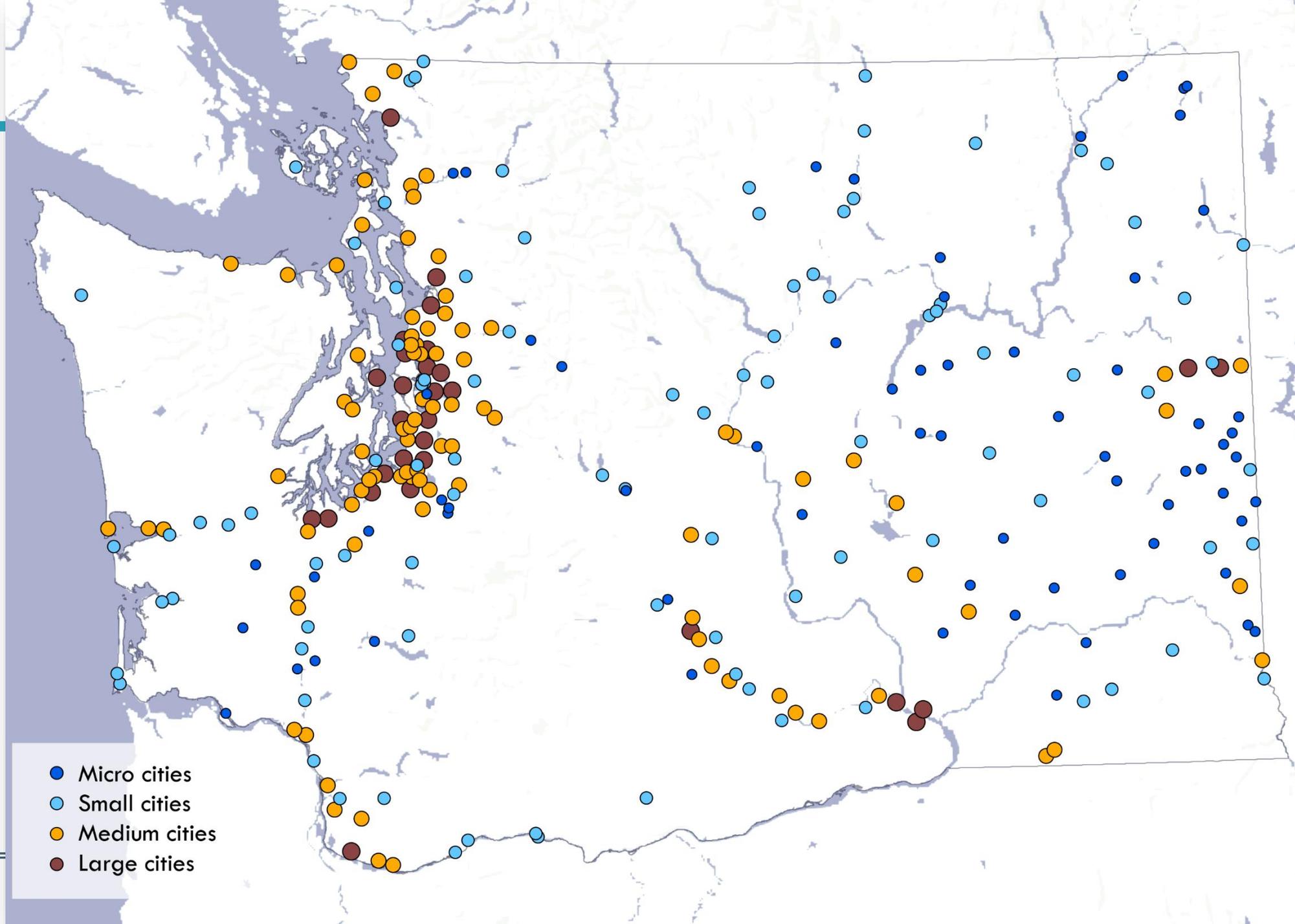
281 cities and towns: categorized in 4-part typology

Categories based on:

- a) length of road network
- b) total assessed property value
- c) 2018 population (OFM)



All 281

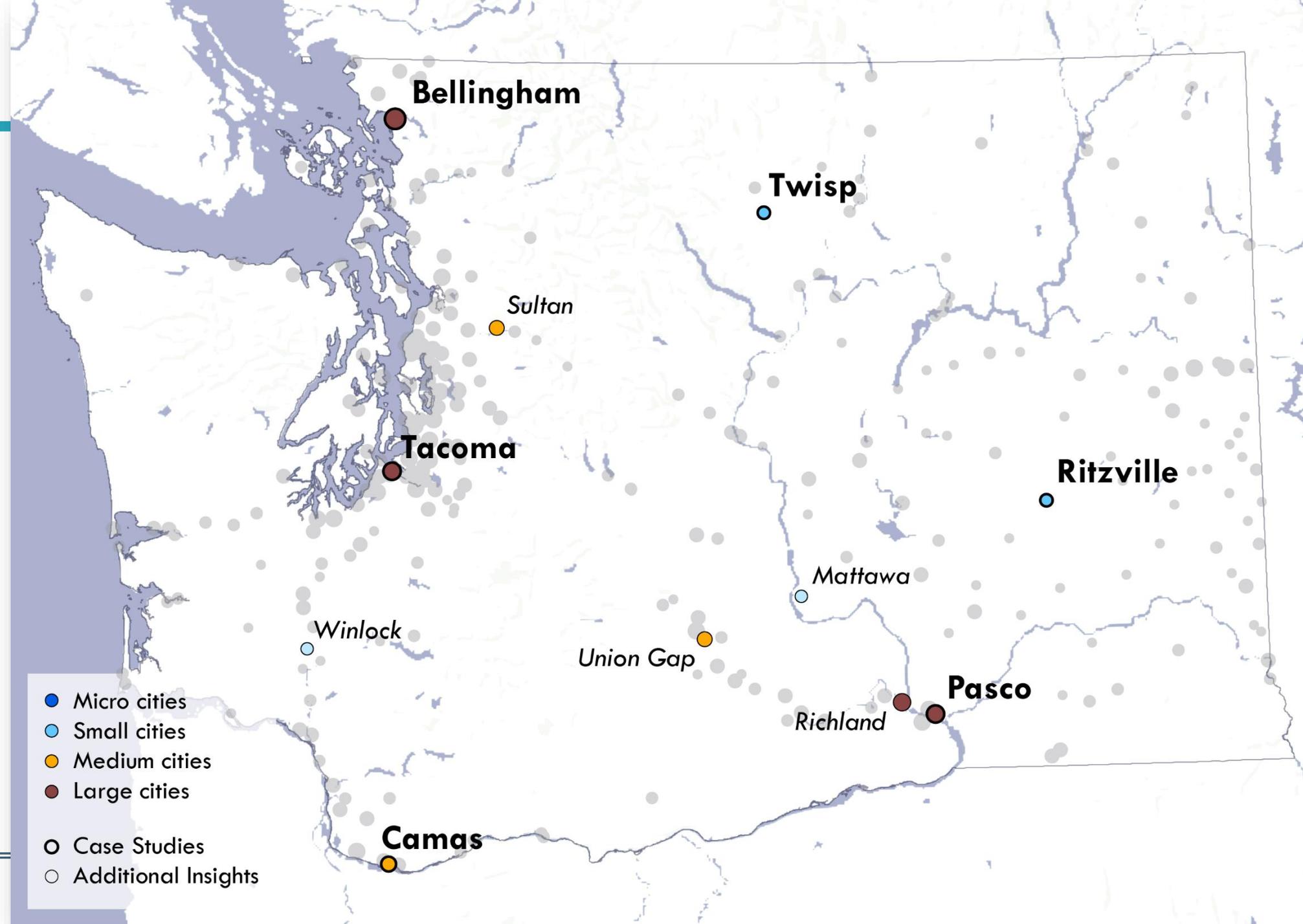


- Micro cities
- Small cities
- Medium cities
- Large cities

Case studies

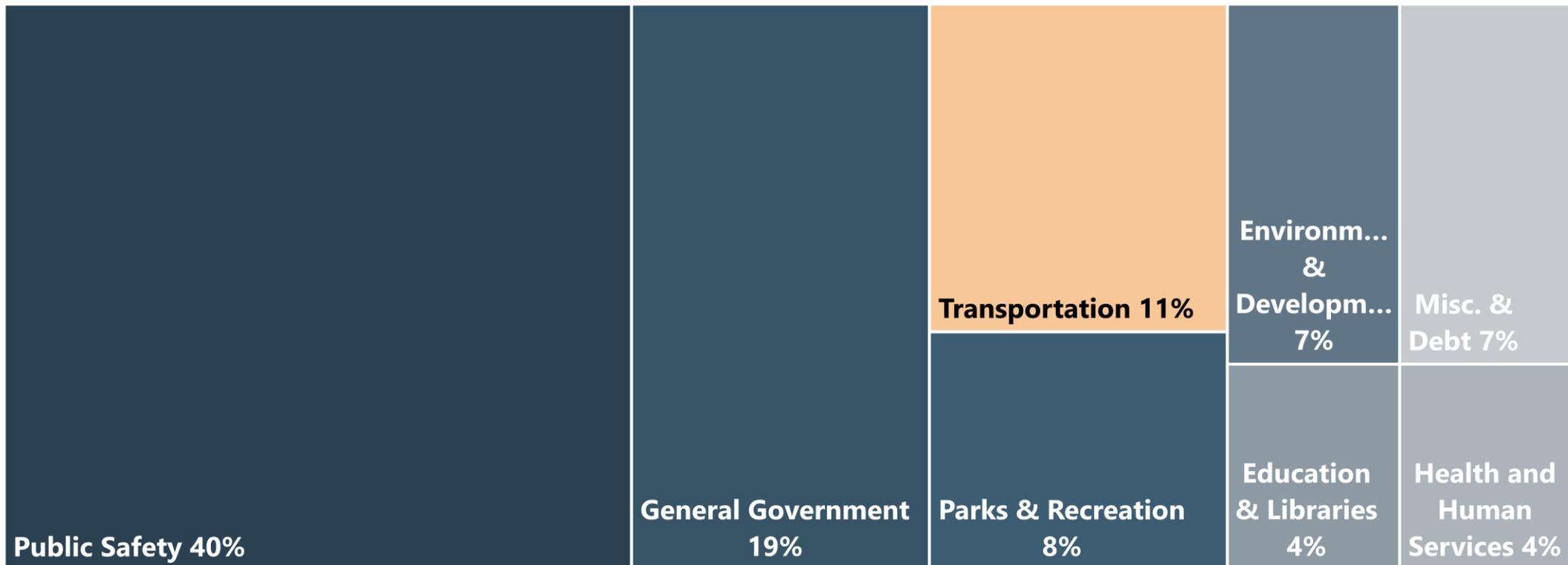
- Bellingham
- Camas
- Pasco
- Ritzville
- Tacoma
- Twisp

- Micro cities
- Small cities
- Medium cities
- Large cities
- Case Studies
- Additional Insights



Washington's cities face common challenges

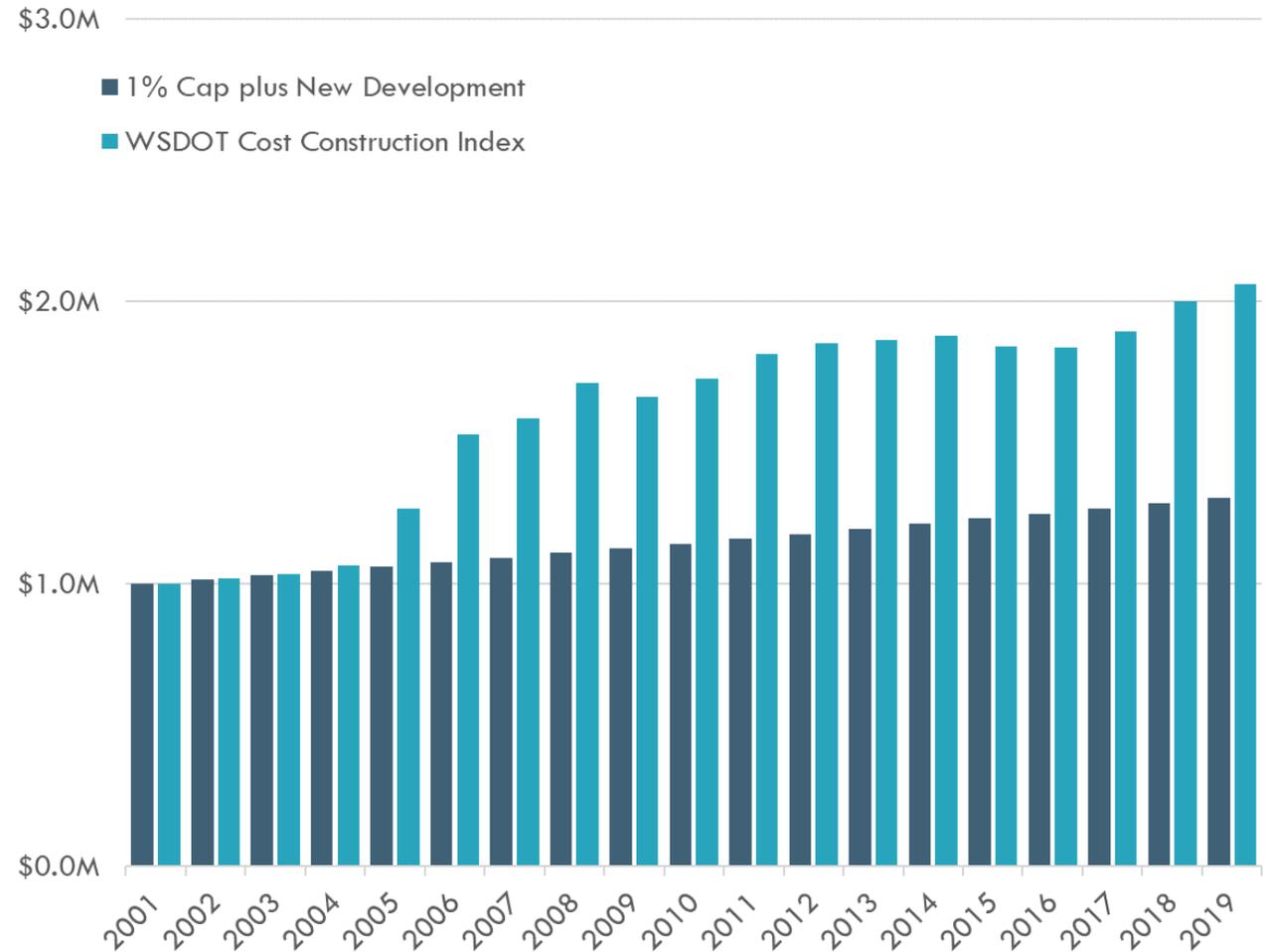
- **Competition for scarce resources.** Cities provide a broad range of local services.



Source: SAO LGFRS 2017, General Fund and Special Revenue Fund Expenditures

Washington's cities face common challenges

- **A structural challenge.** Growth of property tax, a key revenue source, is less than construction inflation.
- Some cities have enacted new taxes and fees, but face **community pressure to keep taxes low.**



Washington's cities face common challenges

- Competition for scarce resources.
- A structural gap. Growth of property tax, a key income source, is less than the rate of inflation.

What does this mean?

- There is a **potential misalignment between local resources and transportation investment needs.**

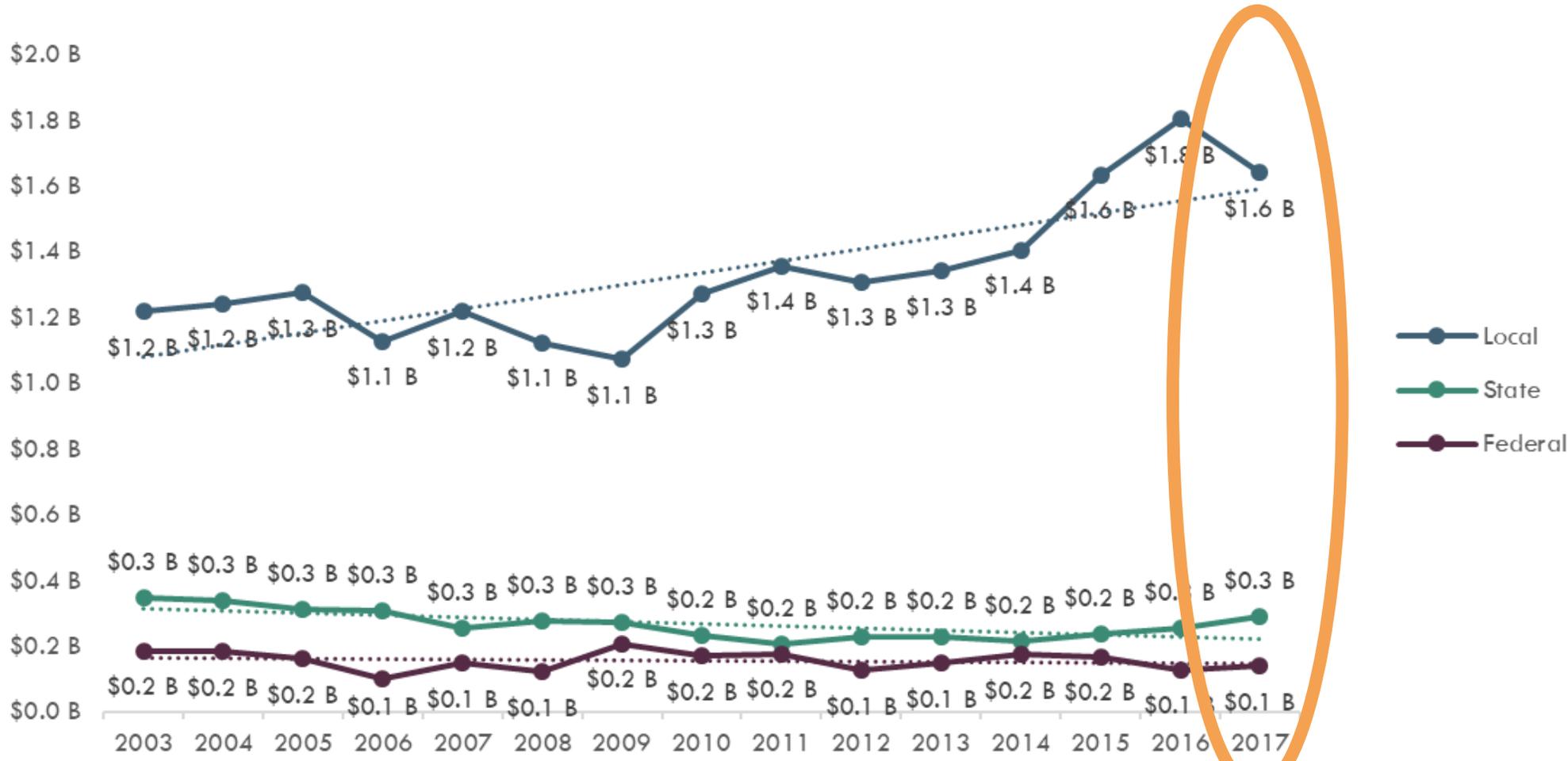
Twisp

- 9 centerline miles
- State direct distribution: \$22,000/year
- 72% of Twisp voters supported a Transportation Benefit District sales & use tax: \$50,000/year
- Twisp dedicates 35% of property tax to Street Fund
- Needed to fully catch up: ~\$2M, or 10x annual transportation budget

*How do cities fund their
investments in streets?*

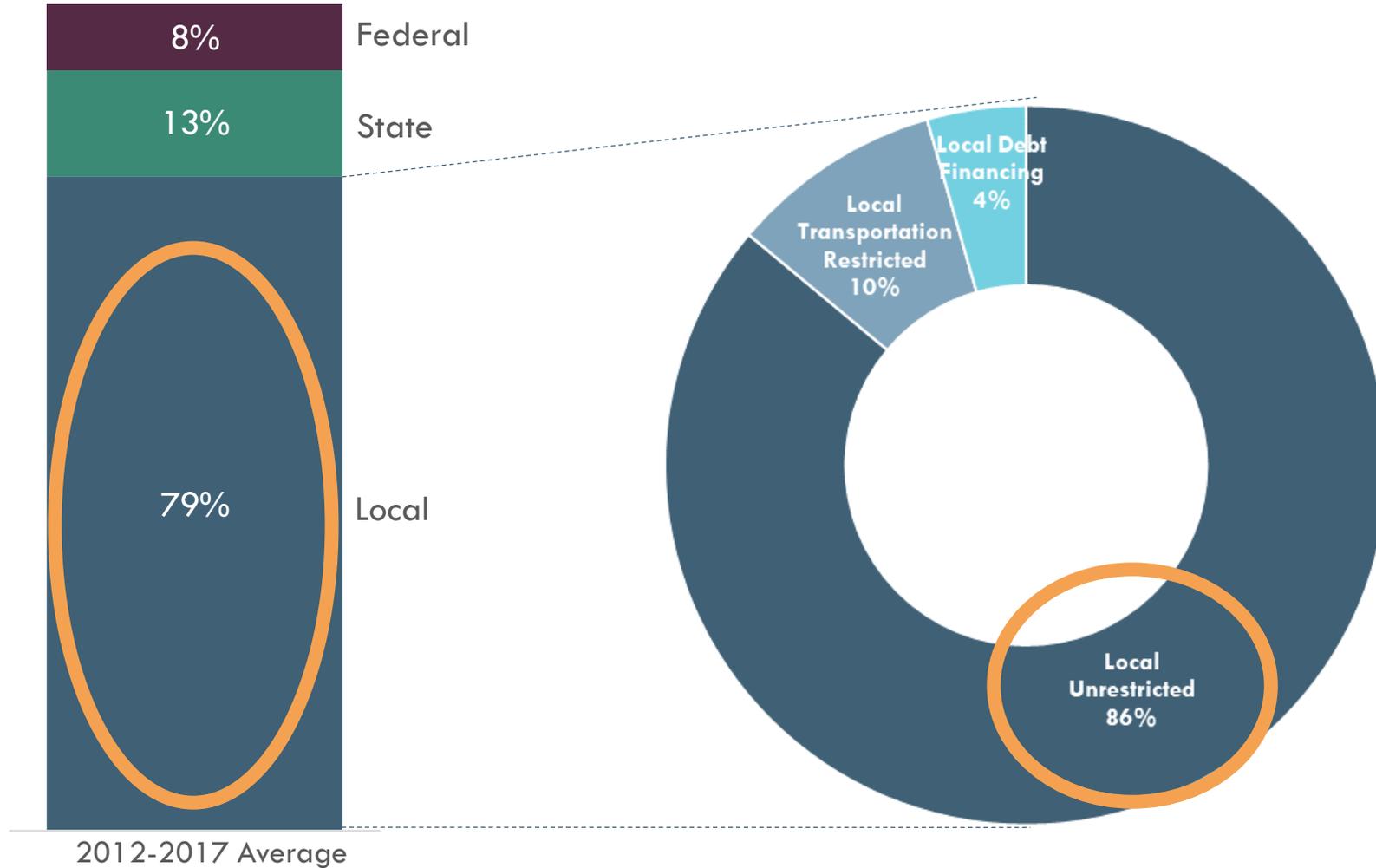
Despite challenges, city investment has increased

Federal, State, and Local City Transportation Revenues Adjusted for Construction Inflation*



Cities have stepped up.

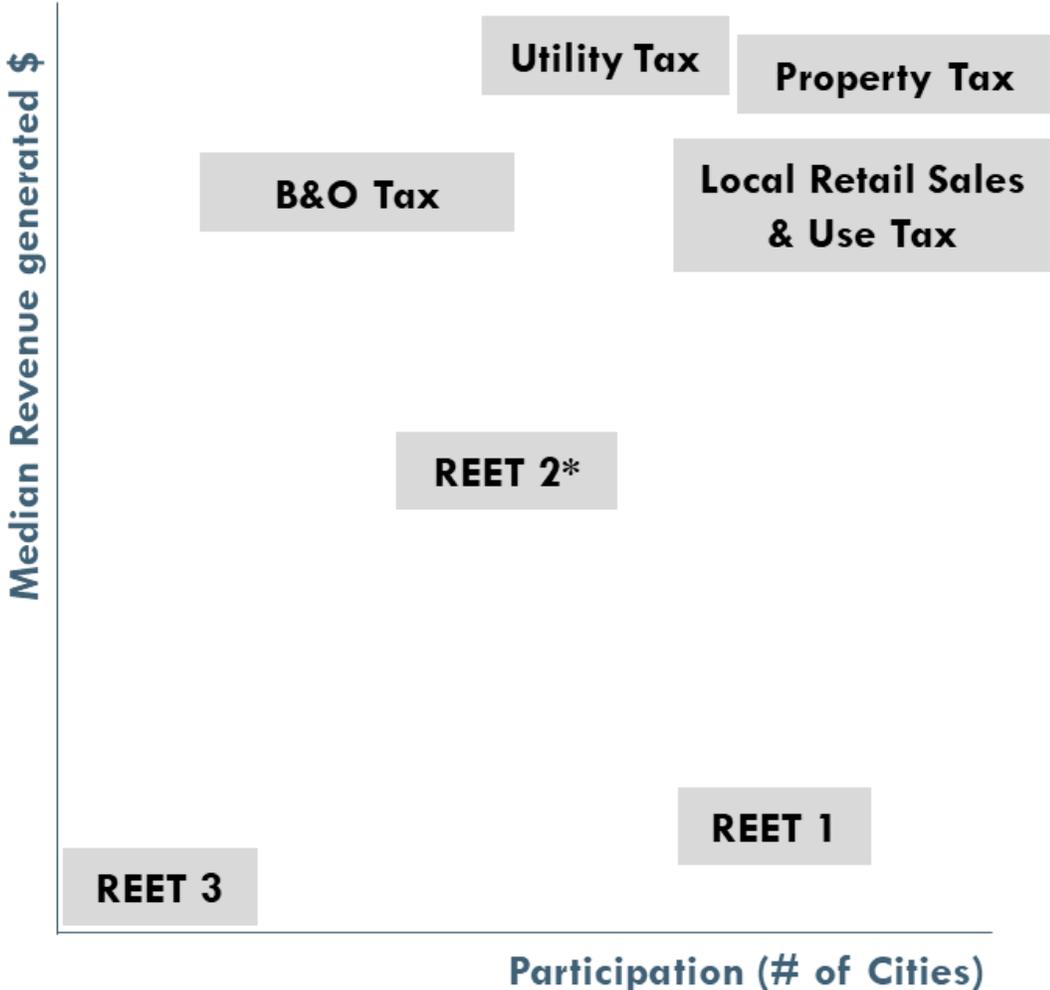
Investment comes from local, state, and then federal sources



79% of city transportation investment comes from local sources.

86% of this is from unrestricted sources.

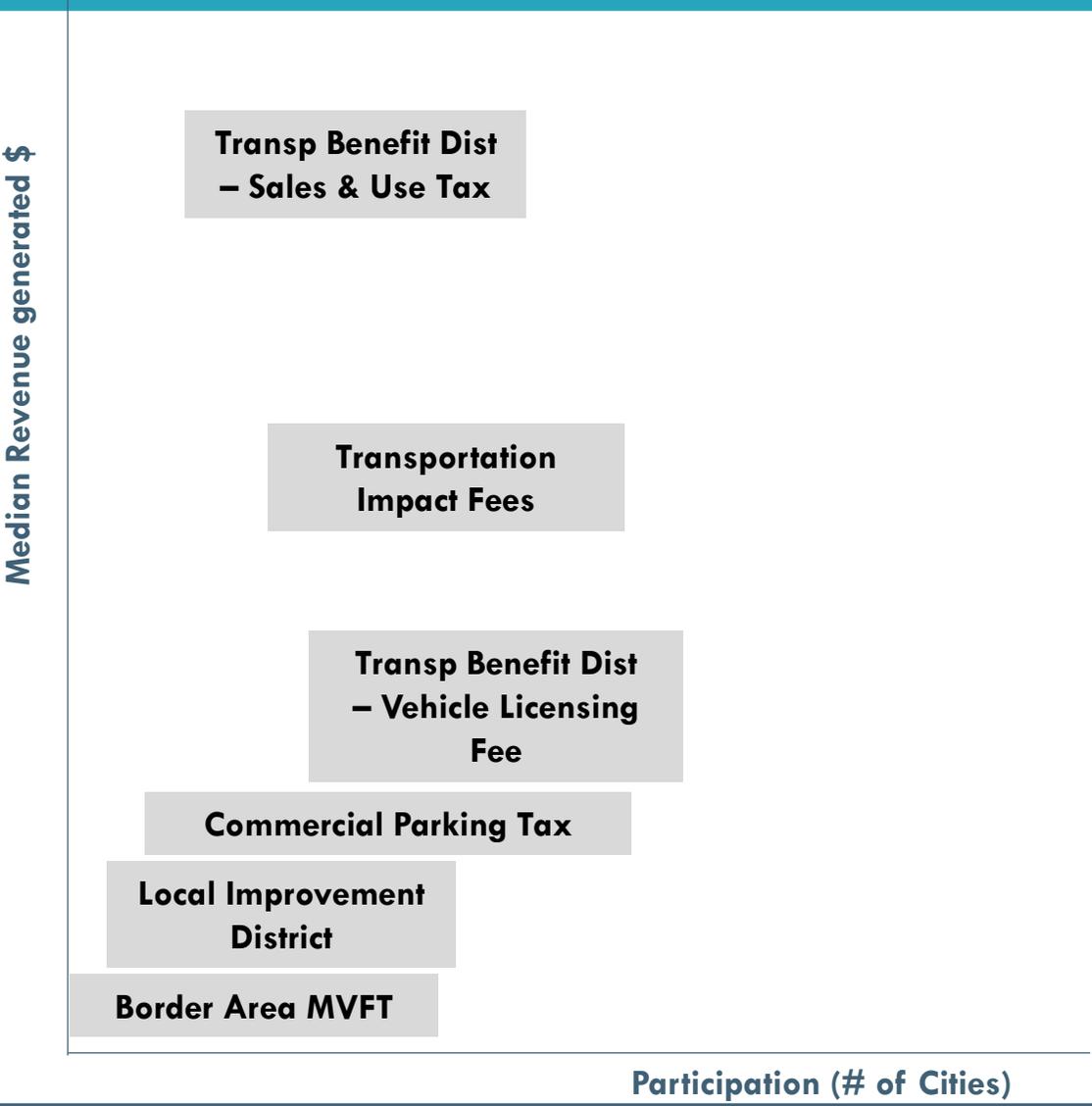
Local unrestricted funding



79% of city transportation investment comes from local sources.

86% of this is from unrestricted sources.

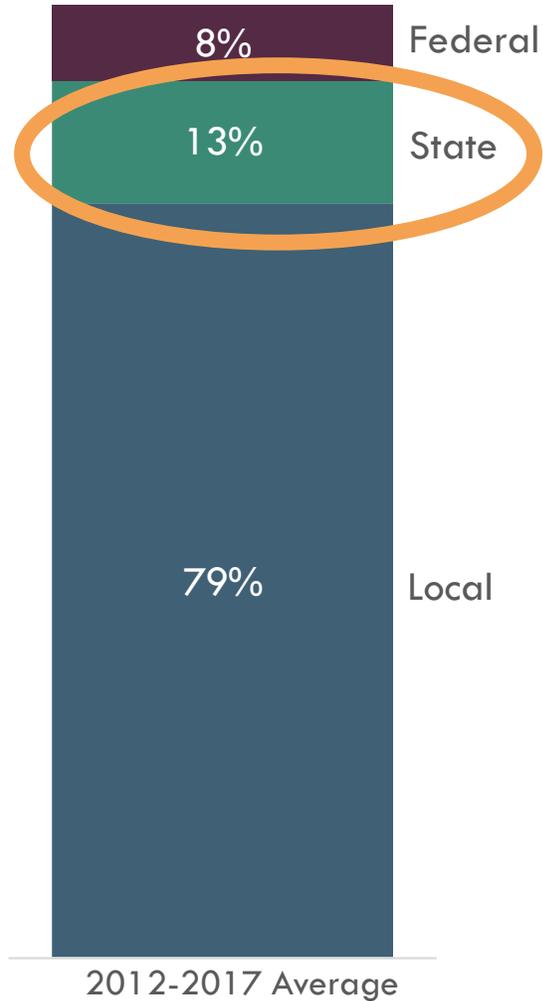
Local transportation-restricted funding



79% of city transportation investment comes from local sources.

10% of this is from restricted sources.

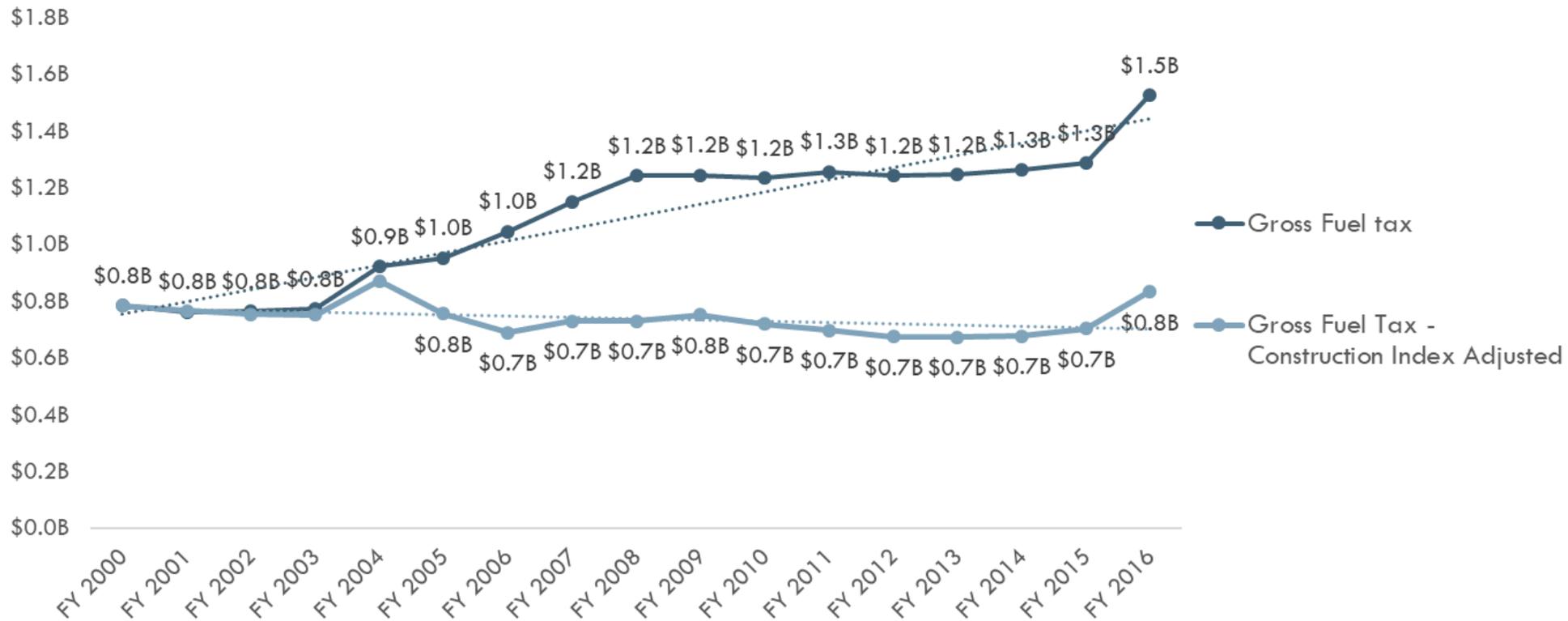
Investment comes from local, state, and federal sources



13% of city transportation investment comes from state sources.

State transportation revenues are challenged to keep up

Unadjusted Gross Fuel Tax Revenue



Fuel tax collections are below forecasts due to lower consumption.

Source: Transportation Revenue Forecast Council March 2019 Summary

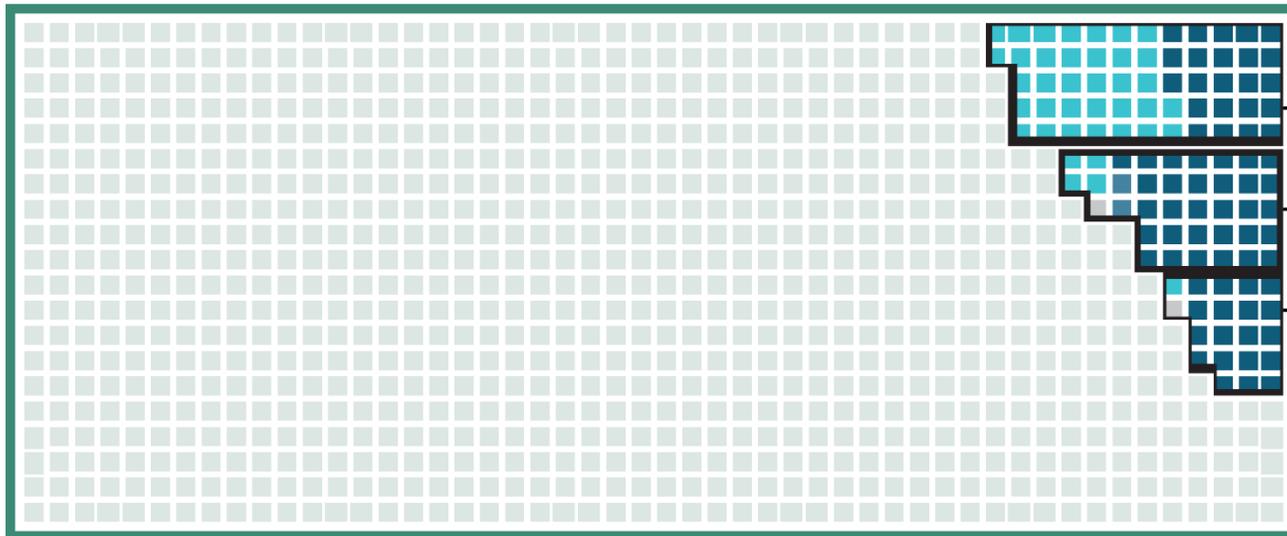
Cities receive ~8% of the State's transportation investment

\$9.8B STATE TRANSPORTATION FUNDING

\$736M TO CITIES

\$9.3B STATE TRANSPORTATION BUDGET + \$0.5B DIRECT DISTRIBUTIONS (MVFT + MULTIMODAL FUNDS)
FY2017-19 (2018 Supplemental)

2-year distribution to local transportation projects
■ = Cities ■ = Counties ■ = Other



each square represents 0.1%



DIRECT DISTRIBUTION
Motor Vehicle Fuel Tax + Multimodal Funds
\$223M Cities \$337M Counties

—(FY2017-19)—



STATE COMPETITIVE PROGRAMS
TIB, FMSIB, Commerce, WSDOT Safe Routes to School, Pedestrian + Bicyclist Program
\$330M Cities (\$20M Loans) \$36M Counties \$9 Other

—(FY2017-19, or 2017 & 2018)—



LOCAL PROJECT APPROPRIATIONS
\$183M Cities \$11M Counties \$18 Other

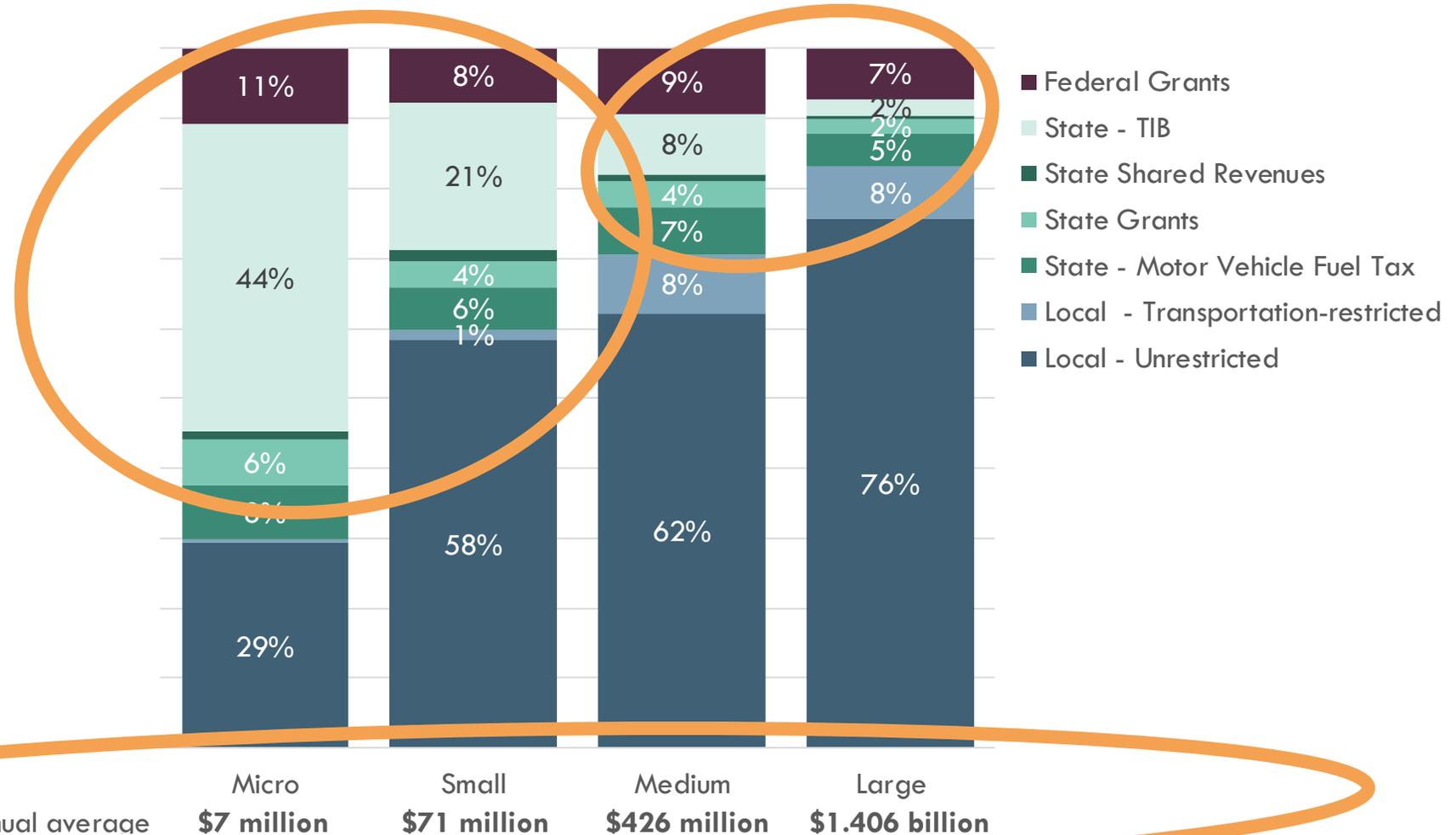
—(FY2017-19, 2018 Supplemental)—

■ = **OTHER STATEWIDE TRANSPORTATION DISTRIBUTION**

State accounts + non-city accounts, including: County Road Administration Board; State Highway Accounts; Washington State Ferries; Washington State Patrol; Department of Licensing; WSDOT Highway Maintenance, Public Transportation, Rail, Traffic Operations, etc.

Cities use state and federal resources in different ways

- **Smaller cities** are reliant on state resources for basic maintenance and preservation.
- **Larger cities** rely on state and federal support for big projects, including bridges.



What is the resource gap?

Asset management and local transportation need

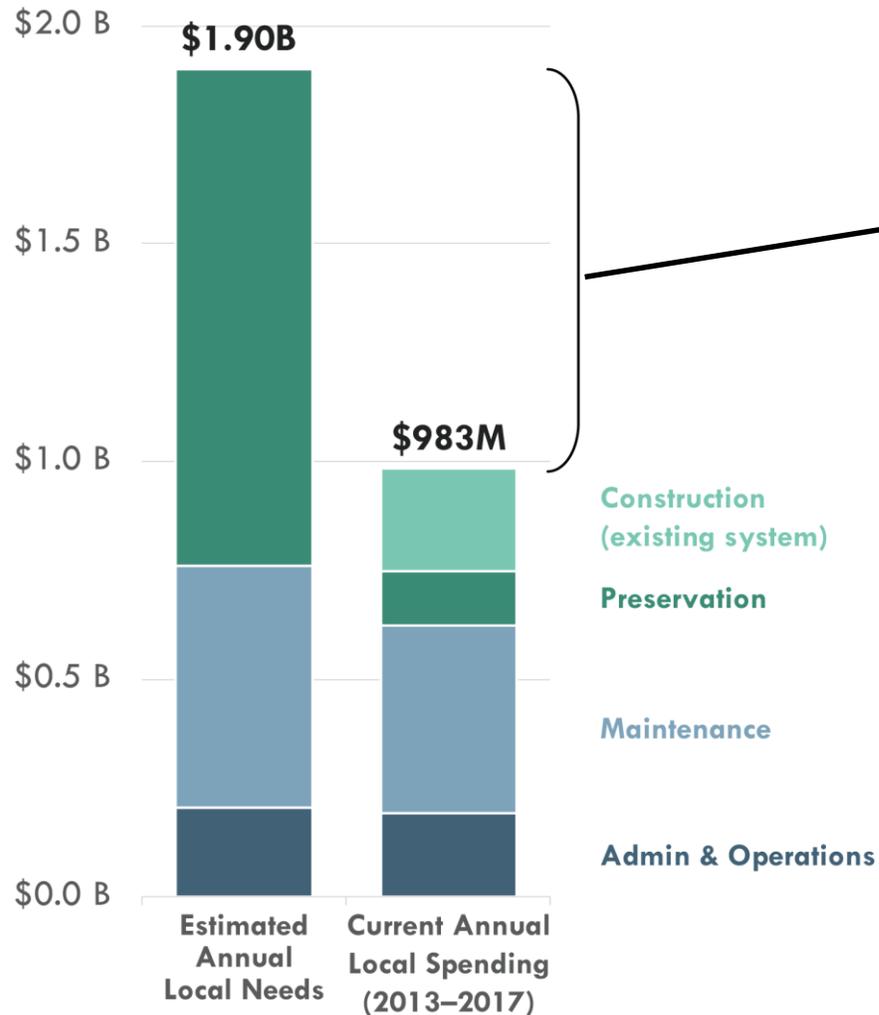


For this assessment, we include the following **asset management** expenditures:

- **Admin and Operations**
Regular overhead for department activities (vehicle fleet, office staff, etc.)
- **Maintenance**
Minor repairs: filling potholes, etc.
- **Preservation**
Rehabilitating pavement to maximize its condition and minimize life cycle costs
- **Construction** that preserves the existing system

This estimates does not include **construction** that expands system capacity (e.g., new roads)

Local, state, & federal resources: not enough for asset management

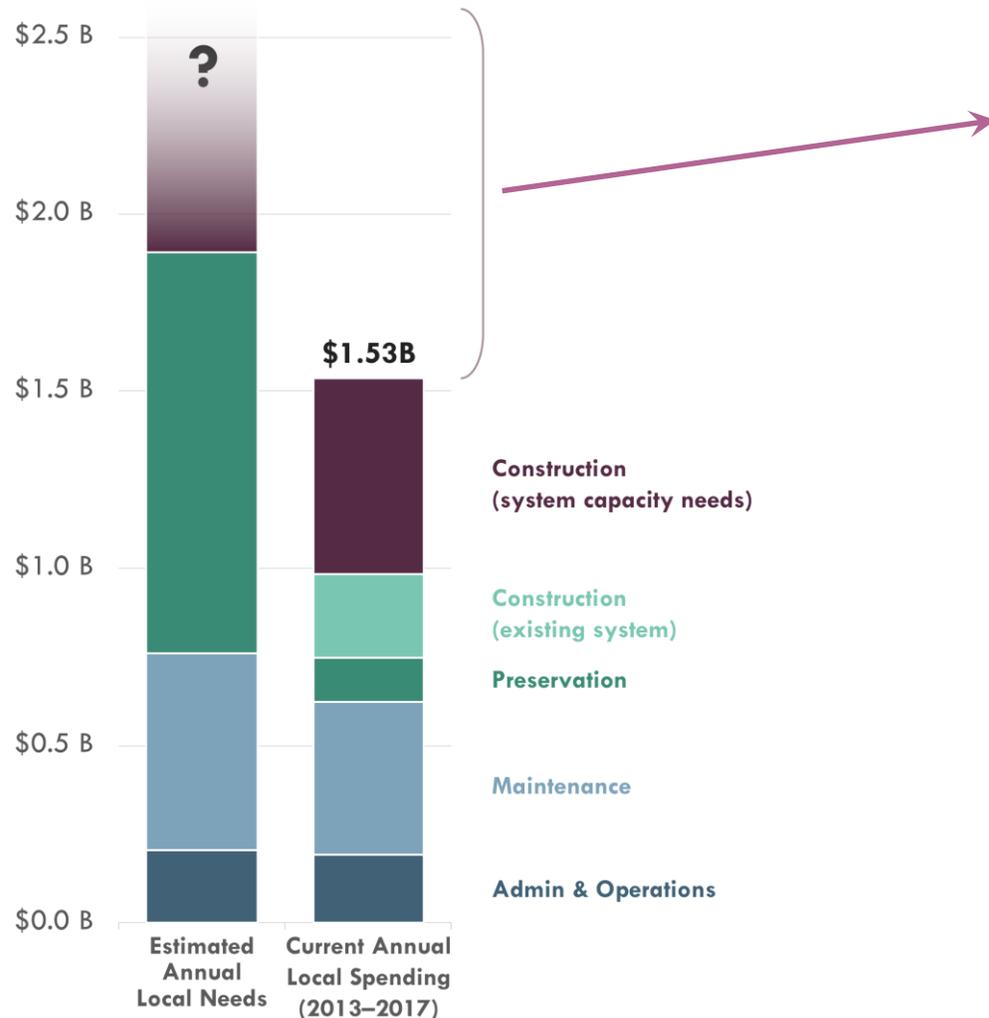


There is maintenance & preservation gap of approximately \$1 billion per year.

This is generally equivalent to:

- Increasing local revenue from taxes and fees by \$190 per person per year.
- Increasing the distribution of gas tax shared with cities by 28 cents per gallon.
- Diverting an additional 18% of **all** local tax receipts and state-shared local revenue.

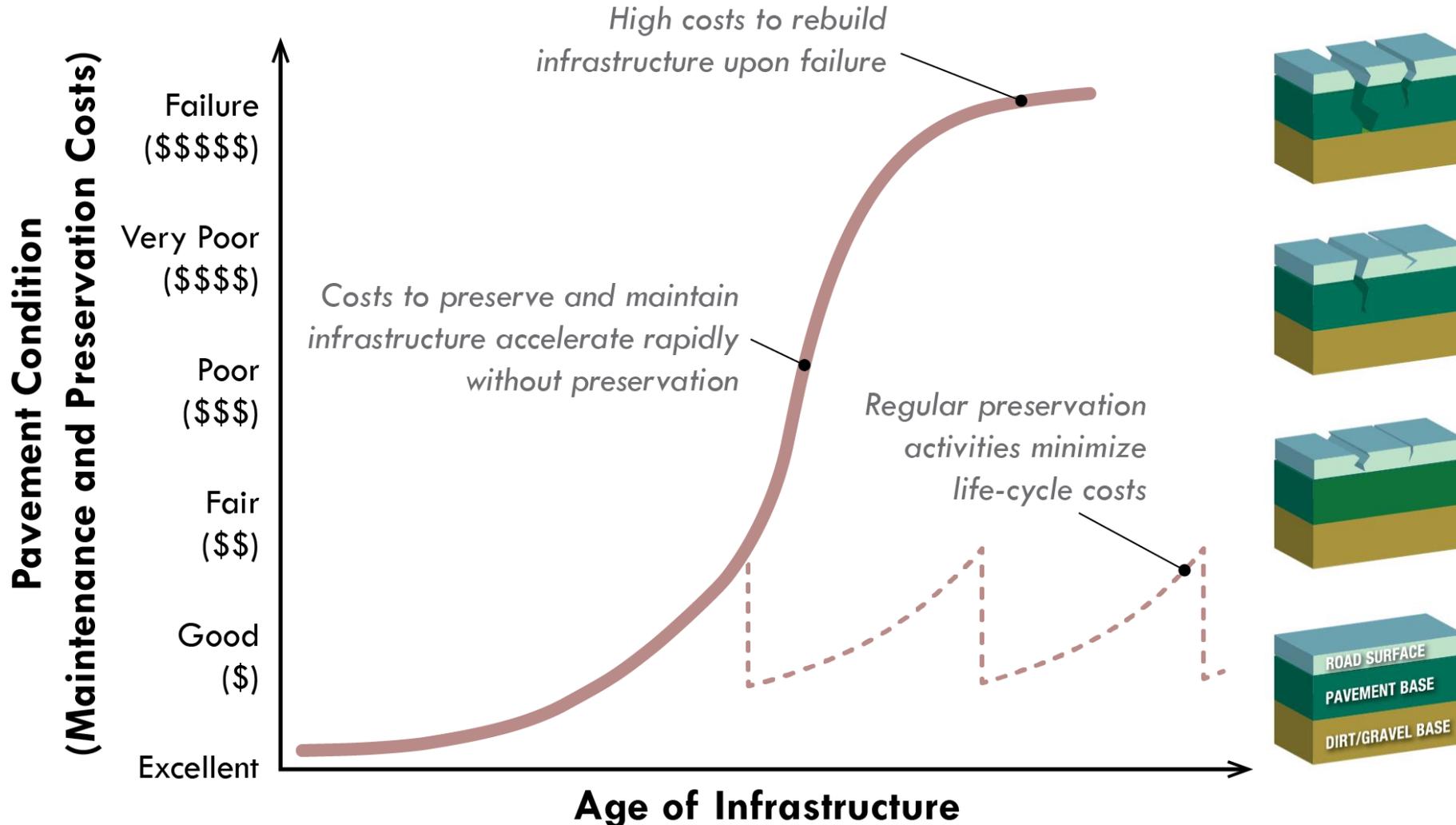
Local, state, & federal resources: approximately half of total need



Beyond this base gap, there are **additional costs** that are difficult to assess statewide:

1. Deferred roadway maintenance and preservation.
2. System capacity needs.
 - Statutory requirements (concurrency)
 - Policy-based needs (levels of service)
3. Additional expenditures related to other obligations:
 - Comprehensive multimodal infrastructure
 - Full ADA Transition Plan implementation
 - Environmental mitigation, including fish passage barriers

1) Deferred maintenance leads to higher lifecycle costs



Social and environmental investments
+ increasing costs
= fewer miles rehabilitated with the same dollars.
= lifecycle costs compound over time.

1) Deferred maintenance leads to higher lifecycle costs

Tacoma

To fully catch up for roadways: \$348M
Annual transportation budget: \$90M
~4x annual transportation budget

Ritzville

To fully catch up for roadways: \$8M
Annual transportation budget: \$770,000
~10x annual transportation budget

Twisp

To fully catch up for roadways: \$2M
Annual transportation budget: \$190,000
~10x annual transportation budget

Bellingham

To fully catch up for roadways: \$60M
Annual transportation budget: \$22M
~3x annual transportation budget



City of Tacoma

2) The need to address growth

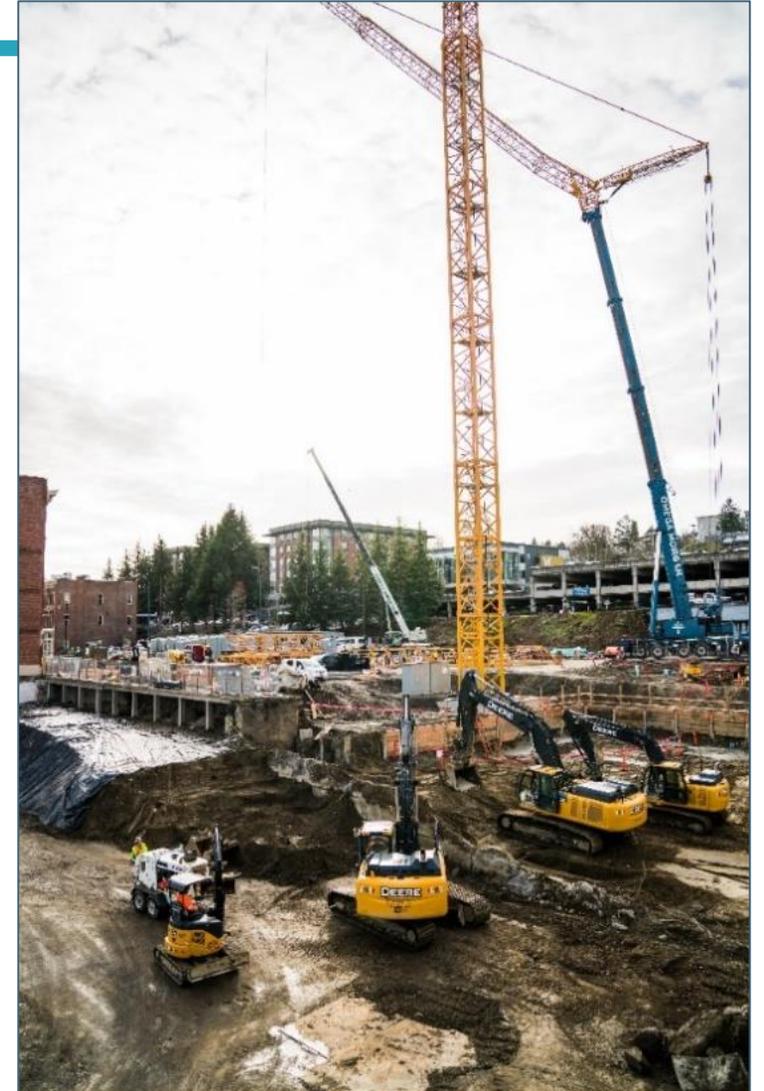
Cities are required by GMA to respond to growth with adequate transportation improvements.

Pasco

- 12% average 5-year population growth
- Residential and commercial development brings congested corridors

Camas

- 17% average 5-year population growth
- High growth drives up capital and operations/maintenance costs



City of Tacoma

Recap of key findings and recommendations

A summary of what we've found.

- Cities have stepped up, providing about 80% of transportation funding.
- Social and environmental investments + increasing costs = fewer miles rehabilitated with the same budget.
 - When cities can't invest in preservation, lifecycle costs compound over time.
- There is a gap in funding for system maintenance and preservation of approximately **\$1 billion/year**.
- Beyond this base gap, there are additional costs difficult to assess statewide:
 - Deferred roadway maintenance and preservation.
 - System capacity needs.
 - Additional expenditures including comprehensive multimodal infrastructure, full ADA Transition Plan implementation, and environmental mitigation, including fish passage barriers
- It is reasonable to conclude that we are investing about half of what we should.

What will happen if we make no changes?

- Inequities in local wealth and disproportionate local investment needs means that some cities will not be able to make all desired investments in:
 - ❑ ADA access.
 - ❑ Fish passage removal.
 - ❑ Multimodal infrastructure.
 - ❑ Bridge preservation.
 - ❑ Roadway preservation.
 - ❑ System capacity needs.
- The result will be a patchwork system with investment gaps, deteriorating infrastructure, and escalating catch-up costs.

Guiding Principles

- **Maintain the whole system, with equitable consideration** of potential misalignments between local investment needs and resources.
- Achieve **high continuity of improvements** to reduce unintended gaps in condition, nonmotorized systems, ADA accessibility, and environmental mitigation.
- **Collaborate for efficiencies** across levels of government and boundaries.
- Focus capital support at all levels on **fully funding projects**.
- Provide **local flexibility** and incentivize **asset management**.

Two Priority Recommendations

1. Increase support for preservation through new or focused funding, incentives, and services to reduce lifecycle costs.

This will require additional local and state resources. Options for state investment include:

- Fund other entities to preserve the street systems of Micros and some Small cities at the lowest possible cost.
- Increase funding and eligibility threshold for TIB preservation programs.
- Incentivize investments by Large cities with a sliding match scale.
- Explore using small dollar amounts of shared revenue to collectively fund larger paving initiatives or buy seal coat services from counties or other cities.

2. Provide better paths to reach full funding of large-scale local projects that outstrip local and regional resources.

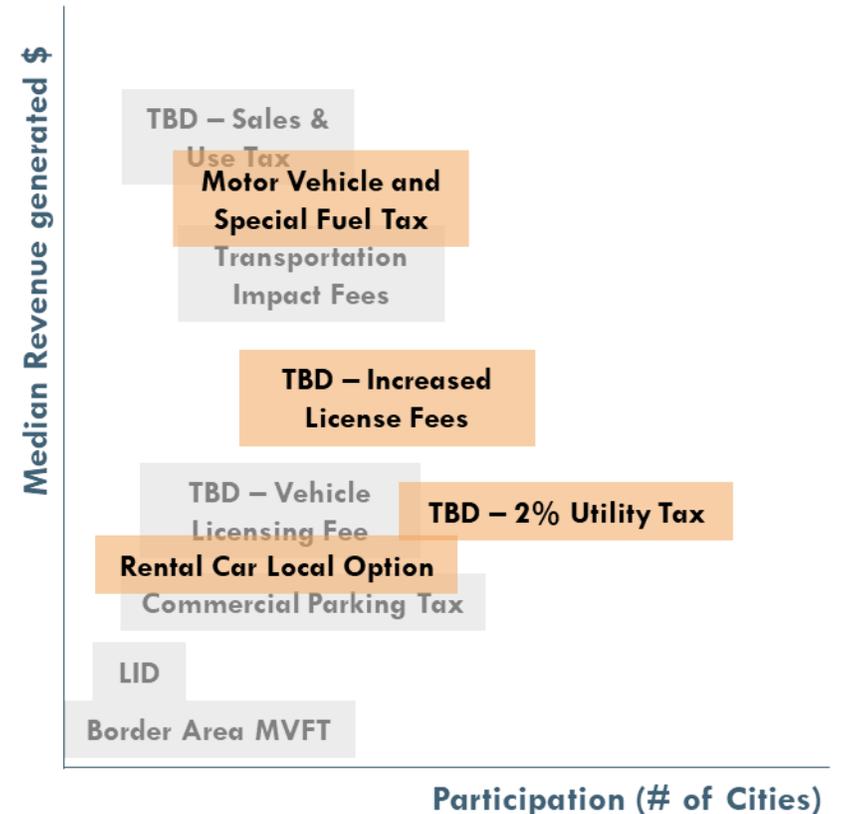
Two options include:

- Increase grant program resources.
- Concentrate legislative appropriations on high-cost projects that outstrip local and regional funding capacity.

A. Funding: strengthen local funding options

- A1. Enhance existing Transportation Benefit District authority
- A2. Increase flexibility and clarity of the Motor Vehicle and Special Fuel Tax
- A3. Create a local option Rental Car Local Option

Transportation-restricted Revenues



B. Efficiency: work together to capture greater value

B1. Rethink how to use federal funding most efficiently.

B2. Fine tune city responsibilities for state highways that function as main streets and streets that function as state highways.

B3. Collaborate across levels of government to achieve best systemwide outcomes.

	Locally funded Sun 'N Lakes Sidewalk	Federal-aid Sun 'N Lake Sidewalk
		
Sidewalk properties	6,575 linear feet	6,929 linear feet
Design by	Highlands County	
Construction by	Same local paving company	
Materials and testing specifications	Florida Department of Transportation Standard Specifications for Road and Bridge Construction	
Quality of construction	No difference in quality of construction according to county officials' inspections and testing	
Project duration	11 months	38 months
Project cost	\$135,000	\$299,000

C. Programs: increase program support and collaboration

- C1. Facilitate access to pavement management systems to help cities make optimal investments.
- C2. Consider measures to ensure and encourage fully funded projects.

LARGER CITIES

Likely have a fully-developed Pavement Management System.

MEDIUM CITIES

May or may not have a Pavement Management System.

For those that have, system may or may not be fully developed.

SMALLER CITIES

Pavement management is provided by TIB.

Thank you.

Appendix

2018 Supplemental Transportation Budget, ESSB 6106, section 204

\$360,000 of the motor vehicle account—state appropriation, from the cities' statewide fuel tax distributions under RCW214668110(2), is for the joint transportation committee to conduct a study to assess the current state of city transportation funding, identify emerging issues, and recommend funding sources to meet current and future needs. As part of the study, the joint transportation committee shall:

- Identify current city transportation funding responsibilities, sources, and gaps;
- Identify emerging issues that may add additional strain on city costs and funding capacity;
- Identify future city funding needs;
- Evaluate alternative sources of funding; and
- Recommend sources of funding to address those needs and gaps.

In considering alternative sources of funding, the study shall evaluate sources available outside of the state of Washington that currently are not available in Washington.

Staff Workgroup per ESSB 6106

In conducting the study, the joint transportation committee must consult with:

- (i) City representatives;
 - **City of Camas, Steve Wall**
 - **City of Olympia, Rich Hoey**
 - **City of Tacoma, Josh Diekmann**
- (ii) A representative from the department of transportation local programs division;
 - **Kathleen Davis**
- (iii) A representative from the transportation improvement board;
 - **Ashley Probart**
- (iv) A representative from the department of transportation/metropolitan planning organization/regional transportation planning organization coordinating committee; and
 - **Skagit Council of Governments and MPO/RTPO Coordinating Committee, Kevin Murphy**

(vi) Others as appropriate

- **Office of Financial Management, Alyssa Ball**
- **House Democratic Caucus, David Bremer**
- **House Republican Caucus, Dana Quam**
- **House Transportation Committee, Mark Matteson**
- **Senate Democratic Caucus, Hannah McCarty**
- **Senate Republican Caucus, Martin Presley**
- **Senate Transportation Committee, Bryon Moore**

The association of Washington cities and the department of transportation shall provide technical support to the study

- **Association of Washington Cities, Logan Bahr and Brandon Anderson**

The joint transportation committee must issue a report of its findings and recommendations to the transportation committees of the legislature by June 30, 2019

- **Joint Transportation Committee Project Managers, Dave Catterson and Paul Neil**

State Transportation Policy Goals – RCW 47.04.280

Transportation system policy goals.

(1) It is the intent of the legislature to establish policy goals for the planning, operation, performance of, and investment in, the state's transportation system. The policy goals established under this section are deemed consistent with the benchmark categories adopted by the state's blue ribbon commission on transportation on November 30, 2000. Public investments in transportation should support achievement of these policy goals:

- (a) **Economic vitality:** To promote and develop transportation systems that stimulate, support, and enhance the movement of people and goods to ensure a prosperous economy;
- (b) **Preservation:** To maintain, preserve, and extend the life and utility of prior investments in transportation systems and services;
- (c) **Safety:** To provide for and improve the safety and security of transportation customers and the transportation system;
- (d) **Mobility:** To improve the predictable movement of goods and people throughout Washington state, including congestion relief and improved freight mobility;
- (e) **Environment:** To enhance Washington's quality of life through transportation investments that promote energy conservation, enhance healthy communities, and protect the environment; and
- (f) **Stewardship:** To continuously improve the quality, effectiveness, and efficiency of the transportation system.

Cities by typology: Micro Cities (65 communities)

COMMUNITY	POPULATION	COMMUNITY	POPULATION	COMMUNITY	POPULATION
Albion	550	lone	445	Reardan	575
Almira	275	Kahlotus	165	Riverside	285
Bucoda	575	Krupp	50	Rock Island	1,040
Carbonado	665	LaCrosse	310	Rockford	480
Cathlamet	490	Lamont	80	Rosalia	560
Colton	440	Latah	195	Roy	815
Conconully	235	Lind	550	Skykomish	205
Coulee City	570	Lyman	455	South Cle Elum	530
Creston	225	Malden	200	South Prairie	435
Cusick	205	Mansfield	330	Spangle	275
Elmer City	290	Metaline Falls	240	Sprague	440
Endicott	295	Marcus	175	Springdale	315
Fairfield	620	Mesa	495	St. John	505
Farmington	155	Metaline	170	Starbuck	130
Garfield	600	Mossyrock	760	Toledo	720
George	720	Naches	960	Uniontown	345
Hamilton	300	Nespelem	245	Vader	610
Harrah	670	Northport	295	Washtucna	210
Harrington	415	Oakesdale	425	Waverly	125
Hartline	155	Oakville	690	Wilkeson	490
Hatton	110	Pe Ell	650	Wilson Creek	210
Index	175	Prescott	330		

Cities by typology: Small Cities (90 communities)

COMMUNITY	POPULATION	COMMUNITY	POPULATION	COMMUNITY	POPULATION	COMMUNITY	POPULATION
Algona	3,180	Darrington	1,400	Mabton	2,315	Ritzville	1,660
Asotin	1,275	Davenport	1,715	Mattawa	4,900	Roslyn	900
Benton City	3,405	Dayton	2,560	McCleary	1,760	Royal City	2,275
Bingen	735	Deer Park	4,240	Medical Lake	4,990	Ruston	990
Black Diamond	4,360	Eatonville	2,955	Millwood	1,790	Soap Lake	1,575
Brewster	2,405	Electric City	1,030	Montesano	4,155	South Bend	1,625
Bridgeport	2,480	Elma	3,360	Morton	1,125	Stevenson	1,575
Buckley	4,765	Entiat	1,205	Moxee	4,020	Tekoa	770
Carnation	2,155	Everson	2,730	Napavine	1,940	Tenino	1,785
Cashmere	3,095	Forks	3,615	Newport	2,170	Tieton	1,305
Castle Rock	2,200	Friday Harbor	2,345	Nooksack	1,500	Tonasket	1,110
Chelan	4,210	Gold Bar	2,175	North Bonneville	1,015	Twisp	975
Chewelah	2,670	Goldendale	3,530	Odessa	905	Waitsburg	1,230
Cle Elum	1,875	Grand Coulee	1,055	Okanogan	2,620	Warden	2,745
Colfax	2,820	Granger	3,945	Omak	4,935	Waterville	1,175
Colville	4,745	Granite Falls	3,615	Oroville	1,705	Westport	2,120
Concrete	740	Ilwaco	965	Palouse	1,060	White Salmon	2,505
Cosmopolis	1,665	La Conner	940	Pateros	585	Wilbur	890
Coulee Dam	1,100	Langley	1,175	Pomeroy	1,395	Winlock	1,340
Coupeville	1,905	Leavenworth	2,030	Rainier	2,020	Winthrop	465
		Long Beach	1,445	Republic	1,100		

Cities by typology: Medium Cities (91 communities)

COMMUNITY	POPULATION	COMMUNITY	POPULATION	COMMUNITY	POPULATION	COMMUNITY	POPULATION	COMMUNITY	POPULATION
Aberdeen	16,760	Des Moines	31,140	Lake Stevens	32,570	Ocean Shores	6,220	Snoqualmie	13,450
Airway Heights	9,085	DuPont	9,385	Liberty Lake	10,390	Orting	8,105	Stanwood	6,835
Anacortes	16,990	Duvall	7,655	Longview	37,710	Othello	8,270	Steilacoom	6,425
Arlington	19,300	East Wenatchee	13,670	Lynden	14,160	Pacific	6,915	Sultan	5,050
Battle Ground	20,890	Edgewood	10,990	Lynnwood	38,260	Port Angeles	19,370	Sumner	10,030
Blaine	5,315	Ellensburg	19,660	Maple Valley	25,280	Port Orchard	14,160	Sunnyside	16,850
Bonney Lake	20,940	Enumclaw	11,660	Mercer Island	24,270	Port Townsend	9,545	Toppenish	9,090
Bremerton	41,500	Ephrata	8,130	Mill Creek	20,470	Poulsbo	10,850	Tukwila	19,800
Brier	6,605	Ferndale	13,640	Milton	7,900	Prosser	6,125	Tumwater	23,830
Burlington	9,025	Fife	10,100	Monroe	18,860	Pullman	33,730	Union Gap	6,235
Camas	23,770	Fircrest	6,710	Moses Lake	23,660	Quincy	7,510	University Place	32,820
Centralia	17,060	Gig Harbor	10,320	Mount Vernon	35,180	Ridgefield	7,705	Walla Walla	34,000
Chehalis	7,515	Grandview	11,180	Mountlake Terrace	21,560	SeaTac	29,130	Wapato	5,040
Cheney	12,200	Hoquiam	8,560	Mukilteo	21,320	Sedro-Woolley	11,350	Washougal	16,020
Clarkston	7,205	Issaquah	37,110	Newcastle	12,410	Selah	7,820	Wenatchee	34,530
College Place	9,590	Kelso	12,080	Normandy Park	6,595	Sequim	7,460	West Richland	15,320
Connell	5,460	Kenmore	22,920	North Bend	6,825	Shelton	10,140	Woodinville	11,830
Covington	20,080	Lake Forest Park	13,090	Oak Harbor	22,780	Snohomish	10,150	Woodland	6,205
								Yelm	9,030

Cities by typology: Large Cities (29 communities)

COMMUNITY	POPULATION	COMMUNITY	POPULATION
Auburn	80,615	Pasco	73,590
Bainbridge Island	24,320	Puyallup	41,100
Bellevue	142,400	Redmond	64,050
Bellingham	88,500	Renton	104,100
Bothell	45,260	Richland	55,320
Burien	51,850	Sammamish	63,470
Edmonds	41,820	Seattle	730,400
Everett	111,200	Shoreline	55,730
Federal Way	97,440	Spokane	220,100
Kennewick	81,850	Spokane Valley	95,810
Kent	128,900	Pasco	73,590
Kirkland	87,240	Tacoma	209,100
Lacey	50,170	Vancouver	183,500
Lakewood	59,350	Yakima	94,190
Marysville	67,040		
Olympia	52,490		
Lakewood	59,350		

Cities by typology: Outlier Communities (6 communities)

COMMUNITY	POPULATION	COMMUNITY	POPULATION	COMMUNITY	POPULATION
Beaux Arts Village	300	Hunts Point	420	Woodway	1,340
Clyde Hill	3,045	Medina	3,245	Yarrow Point	1,065